

**ORMOND BEACH SPECIAL CITY COMMISSION MEETING
HELD AT CITY HALL COMMISSION CHAMBERS**

June 7, 2006

7:00 p.m.

Present were: Mayor Fred Costello, Commissioners Lori M. Gillooly, Troy Kent, Ed Kelley, and Bill Partington, City Manager Isaac Turner, Assistant City Manager Theodore MacLeod, City Attorney Randy Hayes, and City Clerk Veronica Patterson.

A G E N D A

- 1) Meeting call to order by Mayor Costello.
- 2) Discussion of Water Plant Issues.
- 3) Close the meeting.

Item #1 - Call to Order

Mayor Costello called the meeting to order at 7:00 p.m.

Item #2 – Discussion of Water Plant Issues

Mayor Costello read a statement made by Mr. Turner which he believed accurately summed up the situation: “The water shortage problems of the last two weeks were the result of inadequate attention to maintenance and operational errors.”

Mr. Isaac Turner, City Manager, stated in addition to the immediate items which needed to be addressed to enable the City to make it through what occurred during the past two weekends, the City had also asked Camp Dresser McKee (CDM) and a few City staff members to do an assessment of the City's performance as a management group and examine operations at the water plant. He reported this process was not yet completed, but it should be completed within the next few weeks, and appropriate actions would be taken. Mr. Turner noted CDM representatives interviewed City employees and management staff individually and conducted on-site inspections, and their findings would be included in the document being prepared. He reported he urged CDM to be "brutally honest."

Ms. Judy Sloane, Public Works Director, explained each portion of the packet notebook that was provided to the Commission. She noted the first section was the City Manager memorandum which summarized the incidents that occurred in May creating the water shortage problems. Ms. Sloane reported the pump failure on the first weekend and the water main break on the second weekend were contributing factors. She noted also included in this section was the schedule for the water treatment plant expansion project. Ms. Sloane stated a chart was also included providing comparisons of the raw water pumped, treated water pumped, and the water billed for April and May from 2000 to the present. She noted some of the differences in the water pumped and water billed were due to meter inaccuracies and illegal taps such as hydrant flushing, water quality flushing, backwash at the treatment plant, and the water main break.

Ms. Sloane noted the second tab related to the responses to the March Department of Health inspection. She reported staff would be meeting with the Department of Health next week to review the listed items. Ms. Sloane categorized the comments from the Department of Health in four categories: laboratory issues, program records requests, major maintenance, and routine maintenance. She pointed out the laboratory was a process control lab that performs routine analysis that allow operators to make changes in the plant to produce a safe and quality water, and all of the laboratory compliance testing was done by certified laboratories which indicated the City had met all of the standards for a safe, quality water with the only violation being odor. Ms. Sloane noted the lab issues included some work that staff was already doing but was not being recorded in a central location. She stated updated equipment had been ordered. Ms. Sloane advised procedural changes have been instituted such as keeping the calibrations in a particular book. She stated the Department of Health had asked the program records requests documents to be updated. Ms. Sloane reported the cross connection control program and hydrant flushing testing program were documents that are routinely submitted to the Department of Health. She explained a schedule of addressing the major items was listed in the response section.

Ms. Sloane noted the remaining items were routine maintenance items. She reported some of the items were being done, but were not being logged. Ms. Sloane advised some of the items were being worked on, but not completed. She noted there were other items that were identified that were not scheduled for maintenance. Ms. Sloane explained there were two deadlines: the first six items with a deadline of June 20 and the other 27 items with a deadline of December 31. She reported all of the items in the first group would be completed on or before the deadline, and all but two items in the second group would be completed on or before the second deadline. Ms. Sloane stated the first of the two items that would not be completed was the replacement of the elevated trough and walkway, which was included in the filter replacement project scheduled for October 2007. She noted staff would try to fast track this project, possibly with a change order to the water treatment plant expansion contract; however, the cost must be considered. Ms. Sloane reported the second item was the flow proportioning equipment, which was already included in the water treatment plant expansion project. She noted the City would no longer be using chlorine when the plant expansion was completed, so this item could not be fast-tracked. Ms. Sloane stated staff would determine if there was any temporary flow proportioning equipment that could be used in the interim and if it would be cost feasible.

Ms. Sloane explained the third tab in the report included questions from the Commission along with staff responses. She stated CDM was reviewing the operation and maintenance of the water treatment plant, and they would prepare a corrective action plan. Ms. Sloane reported the capacity issues remain the maximum daily demands. She noted the Capacity Analysis Report 005 indicated the proposed two million gallon per day (mgd) expansion was adequate for projected demands; however, staff recommended the planning begin now for an additional two mgd to allow major components to be taken off-line without affecting the existing capacity. Ms. Sloane advised the preliminary estimated cost for adding the two mgd was \$3.2 million. She reported the Capacity Analysis Report also indicated that sufficient storage was available; however, staff had already anticipated examining the need for and location of additional storage with the Water and Wastewater Master Plan currently underway. Ms. Sloane noted it was

feasible storage would be needed, but staff would prefer to have the Master Plan identify the most appropriate location for storage. She reported the estimated cost to supply two million gallons of storage was approximately \$2.5 million. Ms. Sloane pointed out the City was involved in discussions with the Water Authority of Volusia (WAV) for interconnects with Daytona Beach on Williamson Boulevard. She advised the Daytona Beach Utilities Director informed the City Daytona Beach would be willing to discuss a temporary supply until Ormond Beach would be able to make all of the necessary improvements to increase its water capacity.

Ms. Sloane stated the fourth tab related to notification of a large area regarding a boil water advisory. She explained this effort was threefold: using the media in the Orlando and Daytona Beach area, CodeRED for a defined area, and signage at entrances of the affected subdivisions. Ms. Sloane reported problems that were experienced included the CodeRED did not have a complete database, and the signs were not at enough locations, or large enough, to be easily read. She stated staff would review specific methods to improve large area notification.

Ms. Sloane reported the next tab referred to immediate actions, which would include the CDM evaluation of the plant. She reported operating staff had been increased for weekends, maintenance of critical components had been completed, purchase orders have been issued for remote telemetry units for operators to operate the wellfield from the water treatment plant, a purchase order had been issued for the maintenance of the City's Supervisory Control and Data Acquisition (SCADA) system to automate the plant and wellfields, and a request had been made for a cost for temporary membrane skids.

Ms. Sloane stated the next tab referenced the CDM report, which would summarize the findings of a condition assessment done to identify the critical operation and maintenance needs and to prioritize needed repairs. She noted also included in that report would be benchmarking with comparable utilities based on American Waterworks Association standards, which indicates the operating budget was slightly lower than the median. Ms. Sloane noted an additional evaluation was underway and would be presented to the Commission at a later date.

Ms. Sloane reported the final tab included background information such as a chart summarizing the water and sewer rate adjustments, memos associated with requested rates, and a memo for the Consent Orders one through four in October 2005 when the City received a warning letter from the Department of Health regarding the maintenance of filters one through four that included an \$8,500 fine for an inadequate time to repair the filters that would be completed in October 2007.

Mr. Turner reported challenges occurred on the weekend prior to Memorial Day and Memorial Day weekend; however, staff should have been able to meet those challenges and must do better.

Mayor Costello stated in that the card system was new, he would allow anyone who wanted to speak to fill out a card now and present it to him. He urged each speaker to discuss only water issues.

Mr. Mike Chuyen, 144 South Halifax Avenue, noted most of the maintenance issues were beyond the first and second level employees and related to purchases. He stated Mayor Costello mentioned the possibility of privatization; however, privatization merely punishes the workers for mismanagement and rewards those who mismanaged by reducing their responsibilities while protecting their jobs. Mr. Chuyen reported that since 1993 when privatization was previously contemplated, the utility was placed at a "bare bones budget," and it had remained at that level. He explained there was a difference between bare bones and smart financial management. Mr. Chuyen reported utilities should compete with private industry, but they should not be privatized. He noted most of the current problems are financial, and by providing more funds, the City could bring the water system up to where it needs to be. Mr. Chuyen pointed out that staff did not have the ability to force the Commission to spend the funds, but the Commission was now seemingly willing to spend the needed funds.

Ms. Lucille Bornmann, 6 Windsor Drive, stated water was a vitally important issue. She stated the funds from the Water and Sewer Department had been used as a "slush fund" to do other projects. Ms. Bornmann stated these funds must be available to handle water needs. She noted the City spends money on many things that are not necessary while neglecting necessary items. Ms. Bornmann reported Ormond Beach cannot depend on other cities to provide water. She stated Ormond Beach needed a new water plant. Ms. Bornmann noted the City Commission had already approved many developments that have yet to be completed, and it was are considering high-rises adding thousands of more people. She questioned how this

could be done until it was known that that City would have an adequate water supply. Ms. Bornmann called for a moratorium on any new development.

Mr. John Bornmann, 6 Windsor Drive, stated the people were told that selling water was a big money maker; but if that was true, the money should have been put back into the water fund to maintain the water system rather than being transferred into the General Fund.

Mr. Sean O'Sullivan, 27 Acanthus Circle, stated he lived in an affected area. He stated the water main break occurred on Friday. He stated he called the City and was told there was a water main break and the City was aware of the problem; however, a boil water notice was not posted until Sunday. Mr. O'Sullivan stated there was no excuse to wait two days to post a boil water notice, and the notice was posted at an entrance that most residents did not use. He stated a better notification system must be adopted, particularly for health issues. Mr. O'Sullivan suggested every citizen be told about the CodeRED system when they come into the City. He noted these types of situations provide an opportunity for improvement.

Mayor Costello explained there were two water main breaks, but more would be stated after the audience comments.

Mr. Charles Carter, 212 Arlington Way, reported the water fund was considered an enterprise fund which was set up by the Florida legislature to assure water and sewer services would be provided to the residents. He stated he was deeply concerned because any problem with the utility system was extremely serious and must be corrected immediately. Mr. Carter reported money must not be considered in the face of an emergency. He explained the only true records of the City's funds can be found in the annual audit. Mr. Carter recommended the Commission make it a priority to fully understand their obligations as stewards of the City's money and exactly what was included in that audit. He raised issues such as what funds are available, who paid and who did not pay for sewage, how much water was being dumping into the river from the reuse system, and agreements with golf courses. Mr. Carter stated there were \$30 million in excess funds in the water account, and fees did not need to be increased. He noted \$20 million of those funds were restricted to meet the needs of the system, but \$8 million was unrestricted for any water need. Mr. Carter stated water impact fees are not considered a part of this fund, and there was \$5 to \$6 million in that account. He stated the City hired a consultant to examine the fee schedule, and they recommended an increase; but they did not consider any funds from the enterprise accounts. Mr. Carter reported the larger users pay less than those using less water; therefore, the survey was a waste of money and inaccurate. He stated Ormond Beach sells water to other entities; it has deals with memorial hospital, deals with the golf courses, deals with the School District, and deals with Rinker. Mr. Carter stated an agreement was recently signed with the Tomoka Oaks Golf Course, and it was to coincide with the Oceanside Country Club agreement; but the cost was not being increased for additional water. He reported the most important issue for the Commission to understand was the City's finances.

Ms. Patti Barker, 1105 Overbrook Drive, stated this situation was completely avoidable and even predictable. She reported this was a potential health emergency, and the public wanted answers. Ms. Barker stated the public expected cities to supply a safe and adequate supply of water. She noted in February the City assessed taxpayers \$9,000 for fines for previous violations of the Florida Safe Drinking Water Act that had not been corrected, yet the problems still continue. Ms. Barker urged that people be held accountable for the deplorable conditions at the water treatment facility. She questioned why citizens were not made aware of these conditions prior to this emergency, why the Commission was unaware of the dire situation that could have had a catastrophic effect on the City, and why new development continues to be permitted with the knowledge that the ability to provide water to existing residents was in question. Ms. Barker called for a complete moratorium on all new development until the water supply was adequate. She noted while the City assured the residents the water was safe, based upon the Department of Health findings, the City cannot make that assumption. Ms. Barker stated an undercurrent of distrust existed in the community regarding the City's dealings with leadership failures, and this incident enforces that distrust. She reported the Commission had failed to hold senior managers and staff accountable for their actions. Ms. Barker commended Commissioner Partington for his efforts to bring this issue into the public and urged strong leadership and accountability.

Mr. Jim Schultz, 117 Harvard Drive, stated the Department of Health indicated it had low confidence in the chemical residual numbers being reported on the monthly operations reports that were being submitted because of shortcomings in the lab process. He noted the first chlorination point was at the re-carbonation basin, making the chlorine effectiveness minimal. Mr. Schultz stated that many of the issues noticed in 2003 had been corrected and slid back into disuse. He pointed out the Department of Health indicated the finished water product would

continue to have vastly fluctuating hardness levels as long as the system was being managed and maintained under the current conditions. Mr. Shultz stated management had not fully addressed the importance of a routine preventative maintenance program. He noted the Department of Health reported the \$40,000 allocated annually was not realistically sufficient to address maintenance. Mr. Schultz reported maintenance was being done on an as need basis, but the reply indicated maintenance would be adequately addressed in the future. He explained the low water flow exacerbated the maintenance problems. Mr. Shultz stated the chemicals were not being added in the correct part of the process. He reported many of the problems were now being addressed.

Mr. Richard Osterndorf, 48 S. St. Andrews Drive, questioned what would have happened if there had been a serious fire at the time of this water shortage. He stated the Commission had the ultimate responsibility; however, they rely on the data presented to them to make decisions. Mr. Osterndorf questioned what data was being presented and why was this not presented earlier. He reported this was a failure of management who should have sounded the alarm. Mr. Osterndorf asked who would be held accountable. He noted there have been discussions regarding high-rises bringing in thousands of people. Mr. Osterndorf pointed out this problem did not occur overnight, and it was the duty of the management to address this earlier.

Ms. Jeannie Ball, 3 Eagle Drive, asked which Commission members toured the water plant since this situation occurred, and if they did not, why not. She questioned if Ormond Beach was still buying water from Daytona Beach, at what cost, and how long would it continue. Ms. Ball questioned the validity of the rumor that raw water was being pumped from the Hunter's Ridge wellfield into the retention ponds at Breakaway Trails. She stated the residents want to know who was responsible for this neglect and why. Ms. Ball asked why Mr. Turner waited 17 days before informing the Commission of the problem. She commended Mayor Costello for voicing the possibility of a moratorium, which must be considered. Ms. Ball recommended also considering the impact fees being changed because growth must start paying for itself. She noted there was a major failure with the CodeRED system, and she recommended placing a line on the water bill asking the residents for a current phone number. Ms. Ball stated there should be a better way to inform people of important issues occurring in the City.

Mr. Joe Bourassa, Daytona Beach, reported Ormond Beach does not pump any more water today than the City did eight years ago, even with the population increase due to conservation efforts; therefore, he questioned the need for the expansion. He noted it was said that the new plant was needed due to maximum daily flow, but the maximum daily flow was not over the capacity of the plant, and the City was historically able to meet the need. Mr. Bourassa stated usage over the last six months decreased 2.3% over last year, and the number of connections have increased 1.5%. He noted 1.72 million gallons of water a day were unaccounted for and not billed. Mr. Bourassa stated there was a raw flow of 6.8 mgd, and there was a treated flow of 8.4 mgd, which was above the plant capacity of eight mgd. He explained it was stated the City had to revert to Reverse Osmosis (RO) because St. Johns River Water Management District indicated Ormond Beach had to use the poorer quality eastern wellfield; however, the Consumptive Use Permit (CUP) indicated that any additional water had to come from the western wellfield. Mr. Bourassa stated the top rating came from a mix of lime softening and RO water, but close behind was 100% lime softening. He questioned why the RO would be used at four times the cost for water that was just as good using the lime softening method. Mr. Bourassa stated the wellfields the cities were able to use today had such good quality that there was no need to use the RO to bring the levels lower. He reported there was no reason to use RO or expand the water plant unless expanding the lime softening process. Mr. Bourassa explained the best method was what WAV was attempting which was the most economical method. He provided information regarding Jacksonville Electric Agency (JEA), the company that took over the utility from the City of Jacksonville nine years ago. Mr. Bourassa reported JEA reduced half of the employees without major layoffs involved. He pointed out there were no increases in water rates in seven years because of the efficiency of size. Mr. Bourassa stated the cost for water was a great deal less, but residential irrigation was more expensive than drinking water. He summarized by stating the JEA approach was the way WAV should proceed, using large production units. Mr. Bourassa reported Daytona Beach had a capacity that far exceeded their needs and could supply Ormond Beach and other neighboring cities with water. He noted some of the pipes already existed, which would reduce the cost further and the completion time could be very short. Mr. Bourassa questioned why Ormond Beach would want to spend \$14 million for something not needed. He noted the Commission already approved the RO plant, but did not obtain approval from the District yet. Mr. Bourassa urged stopping the process until the District's money was secure. He noted Senate Bill 444 was predicated on using alternate water sources; and Ormond Beach was planning to use the same water source, so the City would not be eligible for that money. Mr. Bourassa recommended staying with the lime softening method rather than the RO method and delaying the start of construction of the

water plant. He stated the maximum peak demand issue would be solved by another interconnect with Daytona Beach.

Mayor Costello thanked everyone for coming to the meeting. He noted the Commission believed this issue was important enough to have two special meetings.

Commissioner Kelley stated the Commission members did not believe the issue was due to a lack of funding because the money was available and staff had not told the Commission funding was a problem. He asked Mr. Turner to confirm that statement.

Mr. Turner concurred the primary issue was not due to lack of funding.

Commissioner Kelley advised the City contracted for privatization in 1995, not 1993, as indicated. He reported the water fund had not been used as a “slush fund.” He explained there was money in the fund dedicated for projects to be started in a year or two. Commissioner Kelley stated Ormond Beach was using the same amount of water as it was eight years ago; therefore, the problem was not a supply problem, explaining the problem was the inability to process and deliver the water in an adverse situation. He advised the Commission analyzed all of the material and was aware of the points mentioned by the speakers. Commissioner Kelley stated the sooner the people bring issues to the Commission’s attention, the sooner they could be addressed. He explained one reason there was a smaller percent of sewer billing than water being produced was because not everyone had a sewer, such as those on the north peninsula and Tymber Creek. Commissioner Kelley reported the fine was \$8,500, not over \$9,000 as was mentioned. He also questioned why the Commission was not told. Commissioner Kelley stated the “red flags” were raised prior to last year. Commissioner Kelley advised Ormond Beach did not have a water shortage.

Commissioner Partington stated it was not appropriate to characterize the water fund as a “slush fund,” since the water fund was charged a management and utility fee when being used, which was the same as all other Florida cities and probably throughout the United States. He reported the transfers must be justified and were open to a public process. Commissioner Partington explained, in reply to Mr. O’Sullivan’s comments, that there were two water main breaks, noting he would speak to Mr. O’Sullivan later. He thanked Mr. O’Sullivan for his suggestions and pointed out that some were already being worked on. Commissioner Partington requested Ms. Sloane answer some of Mr. Schultz’s questions regarding the solutions being out of date and the test kits. He pointed out that the Commission did not manage in this form of government, and management was the City Manager’s function. Commissioner Partington stated the Commission indicated at the first emergency meeting that they were not interested in placing blame at this point but were interested in fixing the problem, and the other issues could be addressed later. He described this and the prior meeting as an “intervention” where the issues could be discussed and worked through.

Commissioner Partington noted he looked forward to the CDM report regarding the management process, and corrections must be made that include employees being moved, staff being added, or additional training implemented. He dissuaded the use of the term “heads rolling” for public discourse when what was important was to learn what had occurred and fixing the problems to insure safe quality water continue to be provided throughout the City.

Commissioner Partington expressed appreciation for Ms. Barker’s comments regarding his stand, but he was merely the first Commission member to act. He stated he was livid when reading the Department of Health letter and reacted appropriately. Commissioner Partington explained he spoke to Mr. Turner for hours since this incident occurred, inspected the water plant, and requested many records. He recommended considering a six to nine month “hiatus” on development due to the pressure on the Planning Department with their staffing issue, the Water Department, and the sewer system pressures west of I-95 at Saddler’s Run. Commissioner Partington noted he was not certain whether this hiatus should be done officially or non-officially. Commissioner Partington requested staff respond to this suggestion, and he would listen to both sides of the issue.

Commissioner Partington stated if Ormond Beach could not obtain the interconnects with Daytona Beach quickly enough, it may be possible to have the temporary RO system on a sled. He requested the cost and feasibility of this option be provided. Commissioner Partington recommended the City have an in-house lab with the RO process because it could provide real-time testing; but if this was too costly, he would recommend contracting for real-time testing with E-labs. He noted he understood the current process was that the City tested on a weekly/monthly basis without obtaining immediate results. Commissioner Partington requested the information regarding the status of the interconnects with Daytona Beach relative to cost and time to have the interconnect in place.

Commissioner Partington requested Mr. Bourassa's concerns be addressed regarding Senate Bill 444 relative to qualifying for grant money. He thanked Mr. Bourassa for presenting the Commission with information, but he was convinced that going to RO was the appropriate action based on numerous reports.

Commissioner Partington noted, relative to the issue of the Commission not providing enough funding, he supported each increase requested; and in 2004 he favored the 8% water increase. He pointed out that at no time did staff inform the Commission there was a critical need, although there were hints. Commissioner Partington quoted from the October 19, 2004, meeting minutes where Mr. MacLeod cautioned the Commission that: *"Next year the Commission would be considering an even higher need for transfer to the Renewal and Replacement Fund, along with the funding of the new water treatment plant. He pointed out that every time a needed rate increase was deferred, the need would escalate similar to what had occurred in the General Fund budget. Mr. MacLeod reported one project tied into other projects affecting many projects."* He noted that hinted at urgency, but staff never clearly delineated an urgent need to keep up with maintenance issues. Commissioner Partington reported the April 19, 2005, minutes regarding delaying the water plant read as follows: *"Ms. Sloane stated she would have preferred this had been approved six months ago and construction was imminent. She advised she was very uncomfortable with the current situation."* He noted the minutes of November 15, 2005, read: *"Assistant City Manager Ted MacLeod stated they had been anticipating the WTP expansion for some time, and repairs had been delayed. He stated the WTP expansion had been put off because growth did not meet the expectations until now. He stated things that should have been done, such as electrical and other equipment upgrades, were not done and continued to deteriorate."* Commissioner Partington stated this statement was the most critical report presented to the Commission, but it did not adequately stress the importance. He advised staff tried to keep rates as low as possible in the hope that the new plant would solve the problems. Commissioner Partington noted he appreciated Mr. Turner being on top of this situation for the past two weeks and meeting a great deal of the Department of Health concerns. He requested a report at the June 13 Commission meeting. Commissioner Partington stated he wanted the corrections made prior to the due date stipulated in the Department of Health letter.

Commissioner Gillooly thanked the people for attending this special meeting and reported she heard a sense of urgency and concern tonight with notification, water safety, and fire. She advised the City had an emergency Commission meeting on Memorial Day. Commissioner Gillooly noted all of the concerns voiced tonight were brought up by the Commission to the City Manager and his staff the day this incident occurred. She advised that she had been in contact with Mr. Turner every day since this occurred and suspected the same contact was kept with her fellow Commission members. Commissioner Gillooly clarified that the City Manager and staff addressed this problem; however, how the situation came to this point was a separate matter completely. She explained many issues have been or have started to be corrected.

Commissioner Gillooly concurred with Mr. O'Sullivan regarding his concern with the CodeRED system, and that issue was mentioned at the Memorial Day meeting. She recommended a card be included in the water bill to be returned with the information. Commissioner Gillooly pointed out not everyone was in the CodeRED database, such as those with unlisted phone numbers. She concurred with Commissioner Partington that the term "heads will roll" should not be used; however, beyond fixing problems, there was a great accountability issue that must be addressed. Commissioner Gillooly questioned if there was too much responsibility for the number of staff or if the staff was not taking the responsibility to do the job. She noted the public deserved an answer to that question. Commissioner Gillooly advised the question of why the City Manager delayed in bringing the Department of Health letter to the Commission was asked at the Memorial Day meeting, and each Commission member made it clear that delay could never happen again.

Mr. Turner agreed the Commission made that abundantly clear, and he understood the direction. He explained the reason the letter was delayed was that he wanted to bring the letter with answers to the Commission. Mr. Turner reported this issue was a separate issue from what occurred two weekends in May regarding capacity, and the Commission was notified of that situation within a couple of days. He stated he considered the capacity issue to be the critical crisis. Mr. Turner noted while the Commission was being quite professional regarding the Department of Health letter in this setting, they had made their displeasure at the delay poignantly clear and that they expect to receive such communications as soon as they are delivered.

Commissioner Gillooly noted she assumed Mr. Turner would be at the meeting with the Department of Health on June 13, but she asked if it was appropriate for the Commission to attend the meeting.

Mr. Turner noted this was not a public meeting, but if the Commission wished to assign a representative to attend as an observer, that may be acceptable. He cautioned there may be discussions regarding issues on which the Commission would be asked to vote. Mr. Turner characterized the meeting as a negotiation session. He explained there was additional assessment, research, and review that was occurring, and he requested council from the Legal Department regarding personnel law to determine what could be stated in a public setting.

Commissioner Gillooly asked Mr. Hayes if Mayor Costello could appoint someone to attend the meeting with the Department of Health.

Mr. Randall Hayes, City Attorney, stated the Commission could decide if they wanted an observer to attend.

Commissioner Kent questioned why the entire Commission could not attend if they did not speak.

Mr. Hayes stated arguably there would not be a technical violation for the entire Commission to attend, but it would be difficult to listen to such an impassioned issue and not be able to respond. He noted the safest course of action would be not to attend and allow staff to do their job.

Commissioner Gillooly reported the City Manager memo referred to the large influx of visitors causing a drain on the water supply and asked if there was an event occurring other than the fact that this was the Memorial Day weekend.

Mr. Turner stated the memo referenced people visiting the area for the holidays. He reported there were many issues that contributed to the high demand, but it should have been managed better.

Commissioner Gillooly requested an explanation of the chart that outlined the percentage between the finished water pumped and the water consumed as opposed to the water billed. She stated the report indicated illegal taps, flushing, and water main breaks could be occurring. Commissioner Gillooly asked if there could be small leaks in the system and if that would have any correlation to maintenance at the plant.

Ms. Sloane reported there could be small undetected leaks that would not result in a pressure drop, but she would not correlate them with the plant. She noted the distribution system was a separate program that was being monitored.

Mr. Turner recommended the Commission ask staff to do more assessment in that regard. He noted staff did not have a great deal of time to do much analysis.

Commissioner Gillooly stated that in the response to the Department of Health letter, Ms. Sloane noted there were many issues staff was already working on, and she indicated that wells were in process, but the inspector was not aware of them. She asked what level of management would walk along with the inspector to answer his questions.

Ms. Sloane stated that on a general inspection the Chief Water Plant Operator or Superintendent of Operations would accompany the inspector. She noted on the March 3 inspection, the Utilities Manager was also present. Ms. Sloane reported there was a great deal of discussion at the inspection, and from that discussion, staff was extremely surprised to get the letter. She noted, however, it was learned that at a later date the inspector came back numerous times when no management staff accompanied him.

Mr. Turner reported that was an issue he wanted answered. He noted a great deal more investigation must be done as to who did what at what time to fully understand the situation. Mr. Turner reiterated he needed legal council before he could report to the Commission.

Commissioner Gillooly stated she appreciated the desire to have CDM investigate the incident; however, she again asked if staff was being asked to do too much where they could not possibly get the job done, or if staff was merely not taking responsibility. She questioned if a consultant was needed for this or if the City's management could do the job.

Mr. Turner stated this was so important that he wanted a second party involved so the City could stipulate that the situation was investigated internally and through a consultant. He noted he was not aware on May 25 how much assistance would be needed to make certain the operations would not fail. Mr. Turner reported staff had now shifted CDM's responsibility to include investigating management and making an assessment. He noted the job could probably be done in-house, but he wanted the speed of doing the job more quickly, and he preferred to have two groups examining the situation.

Commissioner Gillooly advised a CDM report regarding pros and cons regarding lime softening and RO was included in the packet without a date. She noted the report indicated that the staff was knowledgeable and efficient using the lime softening equipment.

Ms. Sloane stated the qualitative analysis was done prior to awarding the contract in late summer or early fall. She reported the statement was made based on the fact that the staff had been operating a lime softening system and they were familiar with that process rather than being based on a detailed inspection by CDM's operation group.

Commissioner Gillooly asked if CDM had ever done an operational assessment before; whereby, Ms. Sloane replied they had not. Commissioner Gillooly stated the report indicated the maintenance log was not the appropriate place to log the calibrations.

Ms. Sloane reported that was an issue staff would discuss with the Department of Health. She stated she believed the Department of Health made a mistake in what they were asking because the water plant maintenance log was not an appropriate place for calibration of laboratory equipment. Ms. Sloane noted if that was not a mistake, staff would change its practice and keep the information in the calibration log as well as the maintenance log.

Commissioner Gillooly questioned how the City would manage the issues that may not be done by the December 31 deadline.

Ms. Sloane explained that would also be discussed at the meeting. She noted the Department of Health was aware of the City's schedule. Ms. Sloane reported staff would reiterate the City was on a capital program that was scheduled to do the work and come to an agreement regarding a deadline.

Commissioner Gillooly stated in his memo to the City Manager, Mayor Costello referred to a culture that allowed this incident to occur. She noted the underlying issue was accountability, and she stressed the importance of being very proactive in discussions with Daytona Beach. Commissioner Gillooly concurred with Mayor Costello that she did not want to be dependent on another city, and the City should be able to supply a safe and sufficient supply of water to its residents, but she also wanted to have a reciprocal relationship such as that with the Police and Fire Departments with other cities for emergency situations. She noted she appreciated the fact staff took the time to answer the questions and would expect nothing less, but she realized staff had been working around the clock to address these issues.

Commissioner Gillooly publicly acknowledged *News-Journal* reporter Eileen Zaffiro for the factual and professional report she wrote. She noted the most important issue for the residents was that the water was safe, and that was reported factually. Commissioner Gillooly stated she was hopeful everyone would leave this evening knowing Ormond Beach had a safe water supply and staff had made a number of immediate corrections, but this issue was not concluded. She pledged she would do everything in her power to assure this type of situation would never happen again.

Commissioner Kent concurred with Commissioner Partington on his recommendation to impose a hiatus on development and reorganization, as long as major changes occur so this problem would not occur again. He noted if the City approved a development hiatus without any changes being made, the same mistakes would be made in the future. Commissioner Kent advised Mr. Turner had tried to contact him for two days, but he did not have time to return his calls. He questioned if it was safe that the filters were being bypassed in order to bring up the water levels.

Ms. Sloane stated the water bypassed the filters and went into the storage tank which then allowed adequate water to backwash the filter so the water could then go through the filter before being distributed to the public; therefore, the process was quite safe.

Commissioner Kent questioned why log books were in several locations. He noted if the fluoride had been recorded for years, why did the Department of Health require it be recorded

daily. Commissioner Kent questioned how the City could know the fluoride had never exceeded the maximum containment levels (MCL) if the City was not logging it correctly.

Ms. Sloane stated the City could be assured the fluoride levels had not exceeded the MCL through the testing conducted by the certified laboratory. She noted the weekly reports were from verification samples. Ms. Sloane explained staff did its own samples in the lab, and because of costs, held the daily samples to send to the lab weekly for verification. She stated the City was now sending and receiving results on a daily basis, costing an additional \$12 per day. Ms. Sloane reported the City was doing two sets of tests with one in-house and one through the lab.

Commissioner Kent asked why the weir troughs were not cleaned and maintained; whereby, Ms. Sloane advised they should have been. Commissioner Kent questioned who should have done this task and who should have checked to see it was being done. He asked how the Department of Health could request the lock be fixed in May, but staff indicated it was fixed on March 3.

Ms. Sloane stated the lock was noted the day of the inspection and fixed immediately.

Commissioner Kent noted the letter from the Department of Health seemed to be accurate in its statement: *“The City of Ormond Beach water system appears to be suffering from major maintenance problems that in some cases have been mentioned previously. The system’s management had not fully addressed the importance of a routine preventative maintenance program. This is evident in the many problems identified in this inspection and in previous inspections.”* He stated the City did have a preventative maintenance program, but he questioned what kind of program.

Ms. Sloane reported Ormond Beach had a preventative maintenance program that was in place; however, it had been modified, and there was some lag time between the old and new procedures taking place.

Mr. Turner reported he could not state at this point what went wrong because it would not be fair to the due process and it would be ill-advised considering liability; however, the questions would be answered.

Commissioner Kent noted he could wait for the answers to his questions. He stated Mr. Turner wanted to review these issues with him last week, but he did not have an opportunity to speak with Mr. Turner personally. Commissioner Kent noted he had commended Mr. Turner many times in public and expressed his confidence and respect for him in the past, but should an incident happen again similar to the Department of Health letter not being brought to the Commission in a timely manner, that respect would be diminished.

Commissioner Kent reported he understood water from the Rima Ridge was a good quality and only the Division well had less than great quality water.

Ms. Sloane reported the Division well had the highest chlorides.

Commissioner Kent noted he believed he must continue to approve the RO plant because so many of the deficiencies were to be fixed with the expansion, but he did not believe the City needed to go to the RO process considering the quality of water in Ormond Beach. He reported he would prefer to increase the capacity and fix all of the problems without converting to an RO process and remain with the lime softening process. Commissioner Kent stated he spent hours with Mr. Bourassa who was a very intelligent man who knows water. He questioned if the salt level numbers at the plant were 75 as a mixture and they must be below 250, why the City should spend \$14 million to remove the salt from water when it was already far below the average needed. Commissioner Kent suggested if it was needed to spend the money, the City should proceed; but if not, the City should fix all of the problems at the plant and obtain whatever was needed for lime softening with adequate storage. He stated this “superior quality water” would then be shipped out in galvanized pipes with holes and crack and go to dead ends. Commissioner Kent requested a report of where the City had these galvanized pipes.

Commissioner Kent noted he had followed Mayor Costello’s lead regarding fluoride since Mayor Costello was a dentist; however, he recommended paying more attention to Mr. Schultz’s concerns. He noted Daytona Beach used ozone to disinfect and oxidize for the color, and Daytona Beach wins awards for their water while he receives calls regarding taste and odor of Ormond Beach water. Commissioner Kent suggested, therefore, maybe Ormond Beach should consider using ozone in its water. He noted some salt may be good for water taste. Commissioner Kent asked if stagnant water in the pipes was safe. He questioned if water were

regionalized in the future, if the plant would be closed and the \$14 million wasted. Commissioner Kent questioned if the City would receive the \$4 million considering Senate Bill 444 in that it would not be an alternative water source. He recommended delaying the project, conducting workshops, and having more information regarding the RO process. Commissioner Kent stated should Mr. Bourassa or anyone else in the public request information, it should be provided in a timely manner.

Mayor Costello reported the public had no idea how much time each Commission member spent with the City Manager, and he had no idea how much time Mr. Turner spent with staff. He noted at the last meeting he stated he did not recall a time in all his years on the Commission when he indicated he was so angry, frustrated, disappointed, let down, and blind-sided as he did with this situation. Mayor Costello stated he would take some of this statement back because he mentioned staff did not adequately “ring the bell,” which was true; however, they had been indicating problems existed, and he was not listening as well as he should have been. He assured the public that the quality and safety of the water had never been compromised.

Mayor Costello explained there were two issues at hand: unacceptable management issues and capacity issues. He explained on the second weekend the City had a water main break that was found and fixed so staff told the people it had been corrected; however, there was then a second break where a valve was shunted to bypass the area of the first break that went to a line improperly capped, and the City lost two million gallons of water. Mayor Costello reported with a six million gallon usage and two million gallons being lost, it became a capacity problem exacerbated by the drought and other issues. He stated Ormond Beach had a crisis that was managed as it should have been, but losing two million gallons in a single day would cause a problem. Mayor Costello reported this incident made him very firm in his belief that the City must expand the plant, and interconnects should not supply daily or peak capacity but should supply emergency needs so the City would be able to take equipment off-line, add new equipment, and repairs could be made. He stated he never wanted Ormond Beach to have to shut down its plant.

Mayor Costello reported Mr. Bourassa had indicated Ormond Beach had flat usage for almost ten years, but most people present tonight are fearful the City would run out of water. He commended all Ormond Beach residents for their conservation efforts. Mayor Costello noted effluent reuse was pumped to as many places as possible, which had helped to keep potable water consumption down. He stated that in spite of the fact usage had been flat for ten years, he favored expanding the water plant so this type of situation would never recur. Mayor Costello explained the cost would be \$3.2 million extra to go to four mgd rather than two mgd, which he favored. He noted the cost would be an additional \$2.5 million to add storage, \$2 million to remove the galvanized pipes, and an additional \$2.5 million for piping, totaling \$10 million to bring the plant up to four mgd increased capacity and an additional two million gallon storage. Mayor Costello requested staff to evaluate where the storage should be located so Ormond Beach would never again have to be concerned about capacity issues. He thanked Daytona Beach and Holly Hill for the interconnects and stated he wanted to work with them to provide additional interconnects to protect all of the cities from unusual events.

Mayor Costello addressed some of the issues speakers brought up in their comments. He reported CDM considered Ormond Beach utilities to be understaffed, which meant Ormond Beach staff was doing a great job with what they had, but they could do better. Mayor Costello explained that when he suggested privatization at the last meeting, he was angry; however, he was comfortable with the answers provided on the issues. He noted the issue of a “slush fund” had been addressed many times, and he unequivocally reported that there had never been and would never be money diverted. Mayor Costello explained water was an enterprise fund, such as any other utility, and pays a franchise fee and has overhead allocated in the same manner as any water utility in Florida. He reported selling water outside of the community occurs similar to that being sold to Chelsea Place that was located in Volusia County and would annex into Ormond Beach when completed. Mayor Costello noted if Ormond Beach had not sold them the water, Daytona Beach would have sold the water, and Daytona Beach would be fronting on SR40. He explained Ormond Beach had the option to provide water out of the same aquifer to Chelsea Place and having oversight on the development, or Ormond Beach could have allowed Daytona Beach to annex the area and totally control the development. Mayor Costello reported he had, and would continue to support, selling water to areas within Ormond Beach’s service area and in Ormond Beach’s future sphere of influence and annexation area.

Mayor Costello explained the boil water notice came extremely soon after the City found the second break. He reported notice was not given after the first break because it was not needed. Mayor Costello noted informing the public to register with the CodeRED system was discussed at the last meeting, and he advocated a notice on the water bill every month, in large letters the first month or two, and smaller lettering thereafter. He noted regarding effluent reuse

agreements with the golf courses, he reported the City was dumping effluent into the Halifax River; and while some believe this would improve the quality of the Halifax River because the effluent was so good that it was better than the quality of the water in the river, he would prefer not dumping the effluent, which was why the City was working on effluent reuse lines and had agreements with the golf courses who are using the effluent reuse. Mayor Costello stated the golf courses pay for the reuse. He advised that the City was updating the agreements, and they would be paying more each year, with both golf courses using the same arrangement.

Mayor Costello reported there were no excess funds, but there were funds allocated for specific uses in the budget. He explained there were restricted funds, unrestricted funds, and fund balances. Mayor Costello stated the water fees quoted earlier were not the current fees because the City instituted a policy where the more reuse used the more the consumer would pay, which was called "conservation pricing." He noted he disagreed with the statement that this incident was an avoidable and predictable catastrophe. Mayor Costello stated he was not happy with the maintenance and lack of oversight issues; however, this was a totally separate issue than the capacity issue, since the City could not control the fact a main line broke and two million gallons of water were lost. He noted he would not hold staff responsible for that, but the entire Commission held staff responsible for making certain the water facilities were "state of the art" and something we can all be proud of. Mayor Costello reiterated none of the violations had anything to do with safety. He pointed out one of the violations was that the dials were not hooked up, but that was because the City went to electronic monitoring and the dials were not used any longer. Mayor Costello noted many issues needed to be addressed, but other issues made the situation seem worse than it truly was.

Mayor Costello outlined a number of incidents he missed that he gleaned from meeting minutes regarding the Commission's awareness of the problems at the water plant. He explained that in September 2002, Mr. Paul Lane, Finance Director, stated that 1994 was the last time the City had a rate increase for operational needs for the renewal and replacement funding, and on September 17 some of the Commission members voted against that increase; in June 2003, the former Budget Manager stated the City had problems sufficiently funding the renewal and replacement of water; in May 2004, a Commissioner wanted the City to check with WAV regarding the expansion before proceeding, and staff was advised that WAV might not be in a position to finance or proceed when the WAV executive director indicated a sister city, presumably, Daytona Beach would be out of water by 2010 due to CUP issues; in April 2005, Ms. Sloane advised she was very uncomfortable with the current situation regarding the water plant facility; and on April 19, 2005, Ms. Sloane reported the peak reached this year was at eight million gallons, which was far beyond the 75% limitation, and the City exceeded six million gallons since 1989 with a peak problem in May or June. Mayor Costello reported the Commission had been informed gradually multiple times that staff was not comfortable with the dollars the Commission was allocating for renewal and replacement, but not loudly or definitively enough. He stated raw water pumped in May 2001 was 5.9, in May 2002 was 6.2, in May 2003 was 5.9, in 2004 was 6.1, in May 2005 was 5.8, and in May 2006 was 6.7; therefore, the water pumped in 2005 was less than that pumped in 2000, and no one knew there was a looming potential crisis. Mayor Costello pointed out the 6.8 mgd pumped in May was less than the eight mgd capacity. He questioned why Ormond Beach did not use ozone as was used in Daytona Beach. Mayor Costello noted in October 2004 the Commission turned a down 7% rate increase, and \$400,000 of those funds would have gone to renewal and replacement; in December 2005 the Commission turned down a rate increase to fund repairs and expansion of the plant; and after being told a plant expansion was necessary, the same Commission member voted against a rate increase to pay for the plant in November. He reported he understood staff had some frustration regarding the funding. Mayor Costello stated he was not as aware as he should have been, and some of the other Commission members were not on the Commission when most of the above-mentioned comments were made.

Mayor Costello stated that some people have called for a moratorium until adequate and safe water supply could be assured, but safe water was assured because that had never been an issue. He reported absent a main line break, water should be adequate; and he pointed out there had only been one such break in the past 20 years. Mayor Costello stated a concern was mentioned regarding time-sensitive testing; but the City was conducting time-sensitive testing, which was being duplicated in-house and by a certified lab. He reported regarding the "undercurrent of distrust" with how the Commission holds senior staff accountable, the Commission tended to compliment in public, but the public had no idea as to what was stated in private. Mayor Costello advised the public would see significant changes in how staff would be handling such issues in the future. He agreed this was the time for action and those who attended the last meeting witnessed that the Commission was very decisive. Mayor Costello noted the Department of Health had low confidence in measured numbers being reported; however, the tests relative to water safety all show Ormond Beach's water was safe.

Mayor Costello stated it was indicated that routine maintenance was \$40,000; however, the accurate figure was \$7 million over five years including \$780,000 for water plant rehabilitation and \$500,000 for water plant improvements. He advised the City was being chastised for not fixing filters; however, the City had the choice of spending \$1.5 million to repair some equipment or spend \$2 million to replace it, and the City replaced the equipment. Mayor Costello noted the City could not take the equipment off line because Daytona Beach decided to not proceed with the planned interconnects that they helped fund and design with Ormond Beach. He pointed out the City planned to do these replacements as soon as the interconnects would have been completed, which would have already been done if Daytona Beach had not made their decision. Mayor Costello noted Ormond Beach must now figure out how to accomplish that replacement. He stated he concurred he was grateful the City did not have a serious fire, and he was not aware if that was an issue when the line broke. Mayor Costello explained the City had a capacity of 4.8 million gallons in storage, which was why he favored expanding storage so Ormond Beach residents never had to worry about fires or adequate water. He noted adequate safe water was the most important function of City government, and Ormond Beach failed; but there was no health or fire issue making this a successful "wake-up call" for the City to address the issues to prevent further problems. Mayor Costello stated the issue of possible oceanfront high-rises had absolutely nothing to do with the water problem because there would be no increase in density planned on the beachfront. He reported Ormond Beach would purchase water from Daytona Beach any time interconnects are needed, but water was not purchased on a routine basis from Daytona Beach. Mayor Costello stated it was a prudent use of capacity to make certain each City had redundancies, and he wanted Ormond Beach to have multiple redundancies in the form of increased capacity, increased storage, and more interconnects. He reported according to the City's CUP, .5 million gallons of raw water was for the Breakaway Trails retention pond because when the City purchased the Breakaway Trails sewer plant, rather than piping the effluent back to Breakaway to use as was planned, St. Johns River Water Management District required the City to use the stormwater retention ponds and augment them as needed rather than sending back the effluent, costing millions of dollars. Mayor Costello responded to the question of why Mr. Turner waited 17 days to provide the Commission with the Department of Health letter, which was that he wanted to provide answers to the issues; but he was now undoubtedly aware that that was unacceptable, and such information must be provided without hesitation. He advised regarding the impact fee question that he had always favored impact fees that were measurable and defensible because new growth should pay for itself.

Mayor Costello stated he was not certain RO was actually four times more expensive than lime softening. He reported it would have cost the City \$5.1 million to expand for lime softening and \$10.2 million for four million gallons. Mayor Costello noted it would cost 30% to 50% more to expand to four million gallons after the two million gallon upgrade was made; therefore, going to the four million gallon plant would be more cost effective. He reported he respectfully disagreed that Ormond Beach had no reason to expand, pointing to the crisis that had undermined the faith and trust of Ormond Beach residents in the City's ability to provide water. Mayor Costello advised he would accept chastisement for his willingness to fund increased water capacity, but he would not be in a position where anyone could challenge him because he did not step up to make certain the water quality and capacity was safe. He stated some of the reasons for RO were the trihalomethanes, the decrease in bacteria and particulate matters, and the variability in the chlorides that would occur in the future with some of the City's wells. Mayor Costello noted there may not be the same reason to go to RO that existed in 1994 when the City was mandated to use the eastern wells with higher chloride that St. Johns River Water Management District mandated be used, and they have since indicated the City did not need to use those wells; however, the City spent several millions dollars enhancing the eastern wells because of this original St. Johns River Water Management District's mandate. He stated Ormond Beach's CUP required the City to continue to use a certain amount from those eastern wells, and any new capacity would come from the western wells. Mayor Costello noted over the past ten years Ormond Beach had a 2½% increase, a 5% increase, and last year a 17% increase; however, Ormond Beach was still the second lowest rate in the east side and the third lowest in Volusia County. He reported because Ormond Beach was continuing to use the eastern wells that St. Johns River Water Management District mandated in 1994, this was an alternate water source, since it was not going to the western wells.

Mayor Costello commended Commissioner Partington for his comment in describing this as "having an intervention" which perfectly described these two public emergency meetings that were held to get the attention of staff and citizens to assure them the Commission was extremely concerned about this situation and to change the culture of how issues would be managed. He concurred with Commissioner Partington that he also wanted the temporary skid and whatever it would take to make certain residents have no doubts that there was no problem with Ormond Beach water. Mayor Costello advised he was pleased the City was having in-house and outside lab tests of the water. He pointed out that in the expansion that had already

been funded, there was a new lab facility included. Mayor Costello recommended Commissioner Kelley serve as the Commission's representative at the Department of Health meeting since he was the Commission's WAV representative and he had a long history of working on water issues. He noted while any Commission member could attend, he recommended Commissioner Kelley be the Commission's representative.

Mr. Hayes cautioned any Commission member who attended the meeting should go as an observer and should not interact with staff or give the perception that any formal action was being taken outside of a Commission meeting.

Mayor Costello stated that even though the Commission had no input on management, the Commission had oversight over everything. He pointed out the Commission would rarely consider becoming involved in any negotiations or staff management issues, but this was of vital importance to the Commission.

Mr. Turner recommended not designating a representative at the meeting and having any Commission member attend as an observer only. He noted this meeting would, to a large degree, include negotiations; and if a designee would attend, the meeting would go to a different level.

Mayor Costello concurred with Mr. Turner based on Mr. Hayes's comments.

Mr. Hayes pointed out this was not a public meeting, and the public would not be able to attend.

Mayor Costello called for a short break at 9:40 p.m., and he reconvened the meeting at 9:45 p.m.

Commissioner Kelley stated he attended an emergency WAV meeting today; and if staff would work on the interconnect, there was a possibility a change order could be put into effect that would allow for the transfer of a contract to connect the Williamson interconnect with Daytona Beach. He stated the cost was approximately \$300,000 and the Ormond Beach cost was approximately \$150,000.

Mayor Costello asked if the Commission could vote to authorize staff to proceed to work on an interconnect with Daytona Beach to fund a certain amount of money to be allocated for this project.

Commissioner Kelley stated this was not urgent.

Mayor Costello requested information be provided to the Commission as soon as possible.

Commissioner Kelley noted staff would have to bring information to the Commission next Tuesday indicating what was determined in the meeting with Daytona Beach, and that information would have to be provided to WAV as soon as possible.

Mr. Turner stated staff had had communications with WAV and Daytona Beach; however, discussions were not yet completed. He noted he understood these discussions were to be completed as soon as possible.

Mr. Bruce Mowery, WAV Executive Director, reported the total cost was slightly less than \$300,000, and there were federal grant funds that may be available where 47% would be eligible; and of the remaining \$150,000, the cost would be split between Ormond Beach and Daytona Beach.

Mayor Costello read the last paragraph of Mr. Turner's letter of June 1 to the Daytona Beach City Manager expressing his appreciation for his willingness to reconsider restarting discussions on the Williamson Boulevard interconnect project.

Commissioner Kelley requested a letter from the Ormond Beach Commission to the Daytona Beach City Commission and Mayor.

Commissioner Kelley stated if the City would not be able to depend upon interconnects and Mayor Costello was willing to spend \$24 million, Ormond Beach should withdraw from WAV because the purpose of WAV was all about sharing and interconnects. He noted this was in total deference to WAV's goal. Commissioner Kelley reported Interconnects are the answer and the key to affordable, sustainable water for the future. He explained Daytona Beach had the capacity to produce approximately 23 mgd, and they use 13 mgd with a CUP of 16 or 17 mgd. Commissioner Kelley noted Daytona Beach had the capacity to produce with their award-

winning water, and interconnects could supply Ormond Beach two mgd. He reported he was thinking globally while Mayor Costello was thinking locally. Commissioner Kelley advised he wanted the best water possible, but after spending \$24 million, Ormond Beach could not be assured there would be sufficient water, and Daytona Beach had never had problems with their water. He stated Ormond Beach should not concentrate on making money selling water and should supply water at the lowest possible cost to the citizens. Commissioner Kelley noted staff would prefer the plant be built to control their destiny.

Commissioner Kelley read a letter he prepared over the weekend where he concurred with Mr. Turner's statement that the water shortage problems from the past two weekends were the result of inadequate attention to maintenance and operational errors. He asked if this was not the fault of this or previous Commissions, lack of funding, or inadequate staff. Commissioner Kelley questioned when staff asked for additional employees in water and sewer, noting that the City Manager asked for three more employees in code enforcement last month. He stated it was time to stop accepting excuses and solve the problems. Commissioner Kelley reported a water main break was not the City's fault, but not being prepared was unacceptable. He noted the problem was directly related to the items within the Department of Health letter and previous concerns expressed by the City's consulting engineer and staff. Commissioner Kelley questioned if there was a pattern that had developed since 2005, such as the golf course crisis, reuse storage tanks, and other issues. He noted there was a problem where the after-hours phone message was not switched on the Friday before Memorial Day; and while the employee made the error, the director took full responsibility indicating that would be corrected, and that was the attitude that was needed. Commissioner Kelley expressed concern that the Commission had to spend an inordinate amount of time to oversee a single department. He questioned who was responsible for the water crisis and how many more times the Commission could state they can learn from difficulties and move on, since the Commission must be able to provide basic essential services such as good safe water.

Commissioner Partington questioned how much it would cost and how much time was involved to fix the dead ends where the stagnant water was collecting. He stated there was more than the issues in the Department of Health letter, there was also an attitude or a culture amongst the employees at the water plant that could create safety concerns. Commissioner Partington reported he believed the City must comply with the regulatory agency's dictates and not negotiate or explain to them why the City would not comply. He noted he had seen a change in staff's attitude at the top, but not necessarily down the line. Commissioner Partington agreed the City needed more capacity that could be guaranteed because Ormond Beach should not depend on other cities' CUPs, but he was not certain that should be done by expanding the plant or with interconnects. Commissioner Partington noted he may concur with Mr. Bourassa regarding the changeover to an RO plant, saving that money. He reported another special meeting may be necessary to discuss that possibility.

Commissioner Kent agreed with the need for accountability. He concurred with Mayor Costello regarding the need for more storage capacity, but also to work with Daytona Beach for the interconnect. Commissioner Kent questioned the need for an RO plant and concurred another meeting may be advisable before starting the plant.

Commissioner Gillooly stated the Commission was looking at immediate answers, and staff had performed some immediate actions, but this does present an opportunity to review the need for this concept. She agreed with Commissioner Kelley regarding the concept of regionalization, while at the same time the Ormond Beach residents are being protected.

Mayor Costello stated four Commission members indicated they had concerns regarding the RO contract. He requested staff present the Commission with options.

Mr. Turner stated Mayor Costello indicated staff had not adequately "rung the bell" in the past, and he advised he was now doing so by stating staff strongly believed there was a need to expand the plant capacity as soon as possible, which they have been stating for a number of years. He reported staff would find a time to have a discussion and share information with the Commission.

Commissioner Gillooly noted she was not trying to indicate the expansion was not needed because the expansion was absolutely necessary, but she questioned the need for the RO conversion.

Mr. Turner expressed a concern with the timeline. He reported some of the numbers mentioned tonight needed refinement.

Mayor Costello stated the Capital Improvements Project workshop was scheduled for 5:30 p.m. on June 13 and recommended changing that workshop to discuss the RO plant.

Mr. Hayes reminded the Commission that the City had a signed contract, and it may not be easy to back out of the contact.

Mr. Mark Burgess, CDM, stated the Commission made a decision to go to an RO plant for more reasons than salt water, such as flexibility in having a high purity RO water to blend with the lime softened water. He pointed out Ormond Beach would not be changing to a new process; it would actually be using two different treatment processes. Mr. Burgess advised lime softening did not address certain water quality issues. He pointed out that many of their clients were considering RO systems to meet pending regulations on issues such as total organic carbon, trihalomethanes, and organics in the water supply, and these were clients that do not deal with salt water intrusion issues. Mr. Burgess reported Daytona Beach was interested in exploring going to membrane treatment in the future. He stated Ormond Beach had the flexibility of going to two mgd of RO with eight mgd of lime softening to adjust, as the water quality changes, how to blend the water together to produce a stable finished water quality which would provide better tasting water.

Commissioner Kent stated this process would take contaminants out of two million gallons, but eight million gallons would have the contaminants, and they would be mixed together.

Mr. Burgess stated they would be mixed together so the overall concentration would be lower and the City would be meeting water quality standards. He noted that as technology had improved in the ability to detect contaminants in the water supply, laboratory processes had improved dramatically in instrumentation and the ability to analyze the chemicals to lower and lower concentrations. Mr. Burgess reported flexibility was one issue, and more stability in the finished water quality was another advantage because as the wells continue to deteriorate, more and more ocean water would come into the fresh ground water creating more salt water to treat. He pointed out the western communities have an issue with salt water in Volusia County coming from the St. Johns River and want to come east, and the communities would meet in the middle.

Commissioner Kent stated a CDM report showed the chloride level decreasing in 2023.

Mr. Burgess advised the chloride level would be decreasing because more would be blended with the RO.

Mr. Turner stated the Commission would receive a packet of information tomorrow, but it would not include anything on this issue in that there would not be sufficient time to prepare for next Tuesday's meeting. He advised he understood the Commission concurred expansion was needed, but he again expressed the importance of the timeframe. Mr. Turner reported staff would join with CDM to present information, possibly early next week.

Commissioner Gillooly requested the Commission also have a legal analysis regarding the contract and Ms. Sloane's opinion on the situation in that information.

Mr. Turner stated Ormond Beach had been one of the biggest supporters of WAV, but he understood that one of their responsibilities was to seek future water sources. He reported that in addition to the regional aspect of WAV, philosophically it was not uncommon to have quasi-governmental and quasi-private entities. Mr. Turner stated he would proceed with the interconnects on Williamson Boulevard; however, he strongly cautioned that the City not totally depend on interconnects for the daily water supply and use it only on an emergency basis. He reported he was ultimately responsible for the operation of Ormond Beach, and he accepted the responsibility for anything that may go wrong and along with the responsibility to fix any problem quickly. Mr. Turner stated the Commission hired him to make certain he makes the right decisions regarding the responsible party after making full assessments of the circumstances and not in a rash manner. He noted he hesitated to discuss particulars due to potential lawsuits. Mr. Turner reported he was investigating the allegation of the culture at the water and wastewater treatment plants. He explained the City traditionally used utilities as a means to provide water services for areas outside of the City that would eventually become a part of Ormond Beach, but also as a tool to control growth and manage development standards. Mr. Turner acknowledged it was a professional embarrassment for him and senior management that the Commission needed to spend so much time on this issue. He reported line employees did an outstanding job, and everyone in a management position should be embarrassed and ashamed, and the problems must be resolved.

Commissioner Kent thanked Mr. Turner for his final comments.

Mayor Costello stated there would be a workshop at 5:30 p.m. on Tuesday, June 13. He reiterated four Commission members had concerns about the existing RO contract, so the Commission needed to know what the options were should the Commission want to make a change. Mayor Costello questioned how long it would take to design a lime softening expansion; what would be needed to bring in a temporary skid; and he requested a plan of action should the Commission not proceed with the contract. He requested staff communicate with Daytona Beach regarding interconnects and bring back information in that regard and examine all options. Mayor Costello noted the Commission may wish to consider contracting with Daytona Beach to provide them with raw water from Ormond Beach wells and accept treated water back; and although he did not support that, some Commission members may be open to that concept.

Commissioner Kelley stated the interconnects are now for finished water and that option would require a different process. He reported Ormond Beach could allocate a portion of its CUP for Daytona Beach to use.

Mayor Costello noted his point was to examine any and all options.

Mr. Turner stated staff could not possibly have the information prepared in only four days, but staff would provide as much information as possible. He cautioned that the Commission should not be considering so many decisions that no decision could be made. Mr. Turner reported the interconnect would be done as long as Daytona Beach was agreeable, but he urged the Commission to focus on the benefits of the RO plant as opposed to expansion of the lime softening plant on Tuesday. He reiterated he did not believe other options could be presented by the Tuesday meeting.

Mayor Costello stated he did not expect all options by Tuesday, but it was incumbent upon staff to check with Daytona Beach to find out if they would be willing to examine a process where Ormond Beach would partner with them regarding Daytona Beach's capacity and Ormond Beach's CUP and provide as many options as possible. He noted he may be the only Commission member to support continuing with the current plan, but he wanted to address the concerns of his fellow Commission members.

Commissioner Gillooly recommended staff not take the time to create reports but merely have a discussion regarding the issues.

Mr. Turner agreed a discussion could ensue, and he was pleased she did not expect analytical reports to be prepared due to the lack of time.

Mayor Costello clarified that the workshop would be a discussion on benefits and problems with RO.

Commissioner Kent requested Mr. Bourassa and other members of the public be able to speak.

Commissioner Gillooly urged the Commission make true comparisons and have faith that the numbers provided were accurate.

Commissioner Kent stated it may be advisable for staff to meet with Mr. Bourassa to assure the numbers were correct.

Commissioner Kelley reported he did not want staff to refute numbers they gave to Mr. Bourassa.

Mayor Costello reported staff, consultants, and engineers would have the opportunity to talk about the benefits of RO, and the meeting would then be opened up to the public, followed by the Commission.

Item #3 - Close the meeting

The meeting was adjourned at 10:33 p.m.

APPROVED: _____ June 13, 2006

BY: _____
Fred Costello, Mayor

City Commission – June 7, 2006

ATTEST:

Veronica Patterson, City Clerk